

Message Text

PAGE 01 LUSAKA 00322 01 OF 02 271426Z

42

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W
----- 053608

O 271154Z FEB 74
FM AMEMBASSY LUSAKA
TO SECSTATE WASHDC IMMEDIATE 9819

C O N F I D E N T I A L SECTION 1 OF 2 LUSAKA 0322

EXDIS

PASS OPIC

EO 11652: GDS
TAGS: EFIN
SUBJECT: TAW

REF: STATE 38774

1. TAW VICE PRESIDENT FRANK SAVAGE URGENTLY REQUESTED FEB 26 APPOINTMENT ON IMPORTANT MATTER WITH AMBASSADOR IN WHICH HE CONFIRMED WHAT EMBASSY HAD HEARD FROM EXPATRIATE SOURCE LAST WEEK THAT PERMSEC PETER SIWO OF MINISTER OF POWER, TRANSPORT AND PUBLIC WORKS BY LETTER OF FEB 19 HAD CANCELLED TAW CONTRACT EFFECTIVE IMMEDIATELY ON GROUNDS OF NON-PERFORMANCE DUE LATE DELIVERY.

2. SAVAGE SHOWED EMBOFFS COPY OF LETTER STATING GRZ REGARDED ITSELF AS FULLY ABSOLVED FROM ALL FURTHER COMMITMENT TO TAW. ALSO SHOWED COPY OF REPLY FROM TAW'S LOCAL LEGAL COUNSEL (FORMER SOLICITOR GENERAL SEBASTIAN ZULU) QUESTIONING LEGALITY OF GRZ'S UNILATERAL ACTION AND CITING TAW-GRZ CONTRACT WHICH WITHOUT PENALTY FOR DELAYED DELIVERY DUE FACTORS BEYOND TAW CONTROL OR PROVISION FOR ABROGATION. SAVAGE SAID TAW'S LEGAL CASE "UNASSAILABLE". MEANWHILE HE RECOMMENDED AND

TOM WOOD AGREED THAT COMPANY WOULD CANCEL HIGH COST
CONFIDENTIAL

PAGE 02 LUSAKA 00322 01 OF 02 271426Z

SHIPPING SPACE RESERVED OUT OF BALTIMORE FOR 100 TRUCKS NOW IN PORT THERE FOR SHIPMENT TO ZAMBIA.

3. QUERIED RE WHO AND WHAT WAS BEHIND GRZ DECISION,

SAVAGE GAVE FIVE POSSIBLE EXPLANATIONS AND ALLEGATIONS
PICKED UP FROM VARIOUS LOCAL SOURCES, ALL OF WHICH HE FELT
HAD SOME DEGREE OF BEARING ON DECISION.

A) TECHNICAL, I.E., DELAYED DELIVERY AND INTERIM
SUBSTITUTION OF NON-SPECIFICATION VEHICLES.

B) HIGH COST OF LEASING WITH SOME PERSISTENT CRITICS
CHARGING CONTRACT TOO LUCRATIVE WITH HINT OF LOCAL PAYOFFS.
THIS POINT HOTLY CONTESTED BY SAVAGE WHO CLAIMS MINIMUM
TO NO PROFIT BECAUSE OF ADVERSE CIRCUMSTANCES.

C) POLITICAL, WITH FOREIGN AND DOMESTIC ASPECTS. CONTRACT
SAID TO BE CANCELLED PRIOR TO PRESIDENT KAUNDA'S CHINA TRIP
AS MEANS REASSURING CHINESE THERE WOULD BE NO RPT NO
COMPETITION FROM ROAD TRANSPORT WHEN TANZAM RR
COMPLETED LATE THIS YEAR OR EARLY NEXT. DOMESTICALLY
TAW SAID TO HAVE BECOME "CAUSE CELEBRE" BETWEEN
FEUDING Factions OF GOVERNMENT LOOKING FOR BONE OF
CONTENTION.

D) UNDERCUTTING BY TAW'S COMPETITORS, I.E.,
TRADITIONAL EUROPEAN SUPPLIERS WITH ALLEGED CLOSE TIES
TO LOCAL POLITICIANS.

E) PERSONALITY DIFFERENCES. UNEXPLAINED BY SAVAGE
BUT SUGGESTION STRONG THAT AMERICAN SALES TECHNIQUES A
BIT BEYOND CURRENT STAGE OF ZAMBIAN DEVELOPMENT.

4. UPON RECEIPT OF SIWO LETTER SAVAGE DISPATCHED ONE OF
TAW'S AFRICAN EMPLOYEES TO NAIROBI FEB 19 TO COMMUNICATE
CANCELLATION NEWS TO WOOD BY PHONE. WOOD FLEW INTO
NAIROBI LAST WEEKEND, MET SAVAGE THERE, MAPPED
OUT PRELIMINARY STRATEGY, AND RETURNED THIS WEEK TO
WASHINGTON PRESUMABLY FOR DISCUSSIONS WITH PARTICIPANTS.
WOOD DID NOT COME TO ZAMBIA. (COMMENT: WOOD MAY
SEEK TO MEET SIWO WHO CURRENTLY IN WASHINGTON, POSSIBLY
CONFIDENTIAL

PAGE 03 LUSAKA 00322 01 OF 02 271426Z

FOR TALKS WITH IBRD OR EXIM.)

5. TAW'S LOCAL "GAME PLAN" IS TO LET LAWYERS ARGUE
LEGALITY OF CASE PENDING PRESIDENT KAUNDA'S RETURN FROM
CHINA. SHORTLY THEREAFTER WOOD HOPES MEET PRESIDENT
TO OBTAIN FORMAL REVERSAL, AS WOOD
HAS NOT HAD OPPORTUNITY DISCUSS TAW OPERATIONS WITH
PRESIDENT AS PLANNED EARLIER. SAVAGE CLAIMS MINISTER
POWER, TRANSPORT AND PUBLIC WORKS SOKO (NOW IN CHINA),
AS WELL AS LISHOMWA OF STATE HOUSE AND ATTORNEY
GENERAL'S OFFICE (SILU JWE AND CHIBESAKUNDA) ALL EARLIER
ARGUED AGAINST CANCELLATION. PRIME MINISTER MAINZA
CHONA IS SUPPOSED TO HAVE BEEN INFLUENCED BY NEW

CONTINGENCY COMMITTEE TO GIVE INSTRUCTIONS ON WHICH
CANCELLATION BASED.

NOTE BY OC/T: NOT PASSED OPIC.

CONFIDENTIAL

CONFIDENTIAL POSS DUPE

PAGE 01 LUSAKA 00322 02 OF 02 271426Z

44

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /031 W

----- 053598

O 271154Z FEB 74

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 9820

C O N F I D E N T I A L SECTION 2 OF 2 LUSAKA 0322

EXDIS

PASS OPIC

6. BELIEVE THERE IS CERTAIN INCONSISTENCY, EVEN UNREALITY,
IN WASHINGTON REQUEST FOR INFORMATION ON LEASE CANCELLATION
AND RECOMMENDATION FOR POSSIBLE ACTION WITH PARALLEL REQUEST
ON EMBASSY THAT NO RPT NO APPROACH TO GRZ BE UNDERTAKEN. AS
DEPT WILL SEE, CASE IS REPLETE WITH POLITICAL OVERTONES WHICH
COULD HAVE BEARING ON IMPROVING CLIMATZUFOR US INVESTMENT WHICH
SUCH MINISTERS AS MWAANGA OF FOREIGN AFFAIRS AND
CHIKWANDA OF PLANNING AND FINANCE ARE SO ACTIVELY
TRYING TO PROMOTE. FOR USG ONLY TO RAISE ITS ANTENNAE WITHOUT
TAKING INITIATIVE TO SEEK THE FACTS COULD BE MISINTERPRETED
IN OFFICIALDOM
AND EVEN WORK TO TAW'S DISFAVOR AT THIS STAGE.
ALL THIS WAS EXPLAINED TO SAVAGE FEB 26 BEFORE RECEIPT
OF REFTEL BECAUSE OF POSSIBLE EFFECT LEGITIMATE EMBASSY
INTEREST IN CASE COULD HAVE ON OUR BILATERAL RELATIONS
AND BECAUSE OF UNDENIABLE PROBLEMS USG OFFICIALS
IN WASHINGTON AND LUSAKA HAVE HAD WITH TAW
SENSITIVITIES AND MISINTERPRETATIONS. WE EXPLAINED TO
SAVAGE OUR NEED FOR DISCREET INQUIRY IN TAW'S BEST
INTERESTS AND HE SAID HE UNDERSTOOD PERFECTLY. WE
WOULD HOPE THIS ATTITUDE SHARED BY WOOD.

7. IN FIRST ATTEMPT GATHER FACTS WE CONTACTED SOLICITOR
GENERAL LOMBE CHIBESAKUNDA IMMEDIATELY UPON HEARING
UNCONFIRMED REPORT FEB 22. THAT OFFICE FOUND "NOTHING NEW
OR CAUSE FOR CONCERN" AT THAT TIME BUT, NOW LOOKING INTO
CONFIDENTIAL

PAGE 02 LUSAKA 00322 02 OF 02 271426Z

MATTER FOR SUBSEQUENT DISCUSSION.

8. EMBASSY NOW TRYING TO SORT OUT GRZ POSITION, INCLUDING AUTHORITY ON WHICH DECISION TAKEN, WHETHER IRREVOCABLE, AND PRELIMINARY GRZ LEGAL OPINION ON VALIDITY OF ACTION. PENDING RETURN OF PRESIDENTIAL PARTY, RECOMMEND THAT NO RPT NO FORMAL APPROACH THROUGH NOTE TO MINISTRY OF FOREIGN AFFAIRS BE TAKEN UNTIL WE HAVE CLEARER READING OF CASE THROUGH ASSUREDLY DISCREET INFORMAL INQUIRY AT MOST KNOWLEDGEABLE LEVELS OF GRZ.

WILKOWSKI

NOTE BY OC/T: NOT PASSED OPIC.

CONFIDENTIAL

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptoning: Z
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DOCUMENTS, AGREEMENTS, FINANCIAL DATA, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 27 FEB 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LUSAKA00322
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: P740146-0253
From: LUSAKA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740268/abbrzbae.tel
Line Count: 180
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: STATE 38774
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 30 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 AUG 2002 by WorrelSW>; APPROVED <10 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAW
TAGS: EFIN, US, ZA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005